

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2018-2-E

In re: Annual Review of Base Rates  
for Fuel Costs for South Carolina  
Electric & Gas Company

**RESPONSE IN SUPPORT OF SOLAR  
BUSINESS ALLIANCE'S MOTION  
TO BIFURCATE ISSUES**

**Introduction**

Pursuant to 26 S.C. Code Ann. Reg. 103-829, Intervenor South Carolina Coastal Conservation League (CCL) and Southern Alliance for Clean Energy (SACE) respectfully submit this response in support of Solar Business Alliance's (SBA) *Motion to Bifurcate Issues* in the above-referenced proceeding.

**Support for Motion**

Bifurcating the issues of SCE&G's PR-2 update and avoided cost methodology changes would provide needed time and opportunity for intervenors to fully evaluate and respond to SCE&G's avoided cost proposals and complete discovery, while allowing other aspects of the fuel cost recovery docket to proceed on schedule and to be implemented by May 1.

As an initial matter, CCL and SACE's *Petition for an Order Requiring South Carolina Electric and Gas Company to Comply with Commission Order No. 2018-55* is still pending. If the Commission grants the relief sought in that petition, SCE&G will need to supplement its 2018-2-E testimony with PR-2 rates that are compliant with the avoided cost methodology previously approved by the Commission. This filing will provide the Commission and intervenors a transparent comparison between avoided cost calculations based on the previously

approved methodology on the one hand, and avoided cost calculations based the newly proposed methodology on the other hand. The newly proposed methodology, among other things, completely eliminates a capacity payment for solar resources. Granting SBA's motion to bifurcate these issues will allow additional time for the Commission to rule on the pending CCL and SACE petition and allow time for consideration of SCE&G's updated filings. While the bifurcated issues are being evaluated on a separate timetable, the other fuel cost recovery issues – those historically part of the fuel cost recovery proceeding – may continue along the established testimony and hearing schedule.

Intervening parties in this docket need additional time to vet SCE&G's latest avoided cost proposals. Intervenors have repeatedly reported to the Hearing Officer and Commission the difficulties of effectively analyzing and responding to SCE&G's avoided cost and PR-2 proposals on the aggressive timeline of the fuel cost recovery proceeding. *See, e.g., SBA, Request for March 22, 2018 Testimony Deadline to be Extended Ninety Days* (filed March 7, 2018), CCL and SACE, *Reply* (filed March 9, 2018), and CCL and SACE's *Petition for an Order Requiring South Carolina Electric and Gas Company to Comply with Commission Order No. 2018-55* (filed in 2017-2-E on March 21, 2018).

Intervenors have made good faith efforts to adhere to the fuel cost recovery timelines in this proceeding (and in prior years), but it has been challenging. *See CCL and SACE, Reply* (filed March 9, 2018) (describing the practical difficulties of meeting the timeline in this proceeding and in prior fuel cost proceedings). Even today, March 28, 2018, CCL and SACE have just received discovery responses from SCE&G in this proceeding. CCL and SACE's expert has not yet been able to review these new responses.

It is not just CCL/SACE and SBA's experts that have had difficulty properly evaluating SCE&G's significant avoided cost changes in this docket. ORS's expert also reports having similar difficulties in his testimony filed March 23, 2018. ORS, *Direct Testimony of Brian Horii*. Witness Horii notes that: "Because of the time constraints and the lack of an avoided capacity cost calculation by SCE&G in this Docket, I was unable to produce an independent estimate of avoided capacity costs for a 100 MW change in supply." *Id.* at page 22, lines 4-5. He further recommends that "ORS and other parties should be allowed to review and provide comment to the Commission based on SCE&G's estimate and calculation." *Id.* at lines 8-9. He testifies to the difficulties he experienced gathering the necessary information from SCE&G to evaluate its proposals. "SCE&G has not provided a straightforward update to its avoided capacity cost estimates in this Docket. . . . I have concerns that parties have not had adequate opportunity to evaluate the accuracy of [SCE&G's proposals]." *Id.* at page 9, lines 22-23, page 10, lines 2-3. More time and discovery is needed to properly assess the proposals that SCE&G has put forward.

Finally, it is worth noting that Act 236 contemplated avoided cost recovery being an issue in the fuel cost recovery proceeding, but it is silent on the avoided cost *methodology* or related changes being considered in this proceeding. *See* S.C. Code Ann. § 58-27-865. Additionally, there is language in Act 236 indicating that avoided cost issues may be considered "coincident" with the fuel cost recovery proceeding, but not necessarily in the exact same proceeding. *See* S.C. Code Ann. § 58-39-140(C) ("Upon request by the Office of Regulatory Staff or the electrical utility, a public hearing must be held by the commission coincident with the fuel cost recovery proceeding required under Section 58-27-865 to determine whether an increase or decrease in the fuel cost component designed to recover incremental or avoided costs should be

granted.”). The Commission has flexibility to bifurcate these issues of PR-2 updates and avoided cost methodology into a separate timetable at a minimum, and even a separate proceeding if necessary.

### **Conclusion**

WHEREFORE, Intervenors respectfully request that the Commission grant the relief requested in SBA’s *Motion to Bifurcate Issues*; grant parties in Docket 2018-2-E additional time for discovery and the right to file supplemental testimony related to SCE&G’s PR-2 rate and avoided cost methodology changes; and order any other appropriate action the Commission may deem necessary.

Respectfully submitted this 28<sup>th</sup> day of March, 2018.

s/ J. Blanding Holman, IV

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# CERTIFICATE OF SERVICE

I hereby certify that the parties listed below have been served via electronic mail with a copy of the *Response in Support of Solar Business Alliance's (SBA) Motion to Bifurcate Issues* on behalf of the South Carolina Coastal Conservation League and Southern Alliance for Clean Energy.

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This 28<sup>th</sup> day of March, 2018.  
s/ Anna M. Crowder